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World Production and Trade

United States
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Weekly
Roundup

WR 12-86

March 26, 1986

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

OILSEEDS

No Growth Expected in China's Soybean Imports in 1986/87. China's soybean imports are forecast by the U.S. agricultural counselor in Beijing at 200,000 tons in 1986/87, the same level as 1985/86. Recent purchases of U.S. soybeans were slated for food use and apparently do not represent the beginning of imports aimed at meeting Chinese rising feed demand. Chinese oilseed exports are expected to continue to displace U.S. sales in Southeast Asia in 1986/87. China can export food-grade soybeans, especially to Japan, at sufficiently high prices that it can still make a profit when it imports soybeans from the United States for domestic food use. The primary destinations for Chinese soybeans and soybean meal are the Soviet Union, Japan, Indonesia, Malaysia, the Philippines, Republic of Korea and Singapore.

DAIRY, LIVESTOCK AND POULTRY

Netherlands' Cattle Numbers Decline While Pork and Poultry Gain. Dutch cattle numbers fell nearly 4 percent to 5.08 million head during 1985 as dairy herd culling continued. Beef production fell slightly in 1985 to 494,000 tons and a further decline to 475,000 tons is projected for 1986 as herd numbers continue to decline.

Dutch hog numbers were up 9.4 percent during 1985 to 12.9 million head as farmers took advantage of exemptions in government measures to curtail swine and chicken inventory growth. Low feed prices and embargoes on Belgian pork because of African Swine Fever pushed 1985 hog prices above 1984 levels. Pork production was up 5.8 percent in 1985 to 1.33 million tons and is projected to rise 5.3 percent to 1.4 million tons for 1986. Hog prices as of mid-March were 12 percent below year-ago levels and this should slow herd growth this year.

Dutch poultry production was up 3.6 percent in 1985 to 425,000 tons and is projected to increase 3.5 percent to 440,000 tons in 1986.

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Soviet Livestock Sector Records Strong Gains. In the Soviet Union, a mild winter and an improved feed supply have facilitated strong performance by the state livestock sector, according to the U.S. agricultural attache in Moscow. On a liveweight basis, January-February meat production was 13 percent above 1985. Comparable increases for milk and eggs were 5 and 7 percent, respectively. For individual meats, beef and pork were each approximately 13 percent higher than the first two months of 1985, poultry 16 percent higher, and sheep and goat meat were down slightly.

Changes during February in animal numbers held by state and collective farms continued the pattern established in January. Hog numbers rose further to 59.1 million head, 1 percent above last year. Total cattle numbers at 94.7 million were 1 percent below March 1, 1985. Cow numbers at 29.0 million head were down 0.5 million and accounted for most of the decline in total cattle numbers. Total sheep and goat numbers were down about 1 percent, while poultry numbers were up about 3 percent.

Canada-EC Agreement on Import Restraints for EC Beef Cancelled. A countervailing duty investigation into the subsidization of boneless manufacturing beef originating in or exported from the EC is currently in progress in Canada. The complainant in the countervailing duty case, the Canadian Cattlemen's Association, requested the rejection of the voluntary restraint agreement (VRA) reached recently with the EC, which would have limited imports of boneless manufacturing beef imports from the EC to 10,668 metric tons a year during 1986-88. Under the terms of Canada's Special Import Measures Act, the cattlemen's association request cancelled the VRA. The deputy minister of Revenue Canada now is obligated to proceed with the case and make a preliminary ruling. Should the cattlemen's association lose the case, EC beef is expected to enter Canada without additional restraint, at least for the balance of 1986.

TOBACCO

In Japan, Hike in Tobacco Tax Improves Competitive Position of U.S. Cigarettes. In Japan, an increase in tobacco excise taxes to become effective May 1 has already prompted the country's cigarette manufacturer, Japan Tobacco Inc., to announce it will raise the retail price for most of its cigarettes by 20 yen per pack. U.S. cigarette manufacturers apparently see this as an opportunity to improve their approximate 2-percent share of the Japanese cigarette market. One major U.S. cigarette manufacturer has announced that the retail prices of its imported cigarettes will remain at current levels and other U.S. manufacturers are expected to follow.

The change will reduce the spread between cigarettes produced locally in Japan and imported from the United States from the current 80 to 60 yen to 60 to 40 yen per pack. The impact on U.S. leaf exports to Japan is expected to be minimal.

United Kingdom Hikes Taxes on Cigarettes and Roll-Your-Own Tobacco.
The United Kingdom has raised excise and value-added taxes on cigarettes and tobacco for hand-rolling by 11 percent, or double the current inflation rate there. New revenues are estimated at about 300 million pounds per year (US\$441 million).

Total cigarette consumption in the United Kingdom is expected to fall 2 percent as a result. The higher taxes may well increase consumption of cheaper private brands and imported "generics," resulting in smaller imports of higher quality leaf, such as the U.S. tobacco.

COCOA

Ghana's Cocoa Production Increases. Ghana's 1985/86 cocoa production estimate has been increased to 212,000 tons, 6 percent above the previous forecast and 21 percent above last season's harvest, according to the U.S. agricultural attache in Lagos. Good rains in November and December caused late pods to fill out. In addition, more extensive harvesting and improved management practices, due to higher producer prices, contributed to the upward revision in the 1985/86 crop forecast.

EXPORT ENHANCEMENT UPDATE

As of March 25, 20 export enhancement initiatives had been announced for the following 11 countries: Algeria, Egypt, North Yemen, Morocco, Turkey, Jordan, Philippines, Zaire, Iraq, Nigeria and Tunisia. Six commodities were approved for the programs: wheat, wheat flour, semolina, rice, poultry and barley malt. The volume of wheat in the initiatives announced to date represents about 22 percent of the projected level of U.S. wheat exports in fiscal 1986 and the volume of wheat actually sold represents 11 percent of the projected fiscal 1986 wheat export total. The volume of all commodities announced under the export enhancement program to date represents about 5 percent of total projected agricultural exports in fiscal 1986.

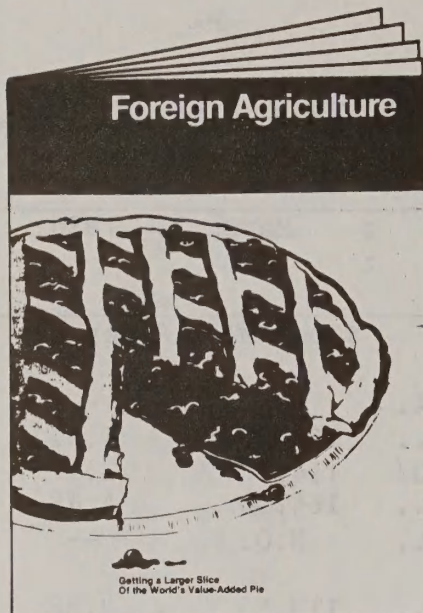
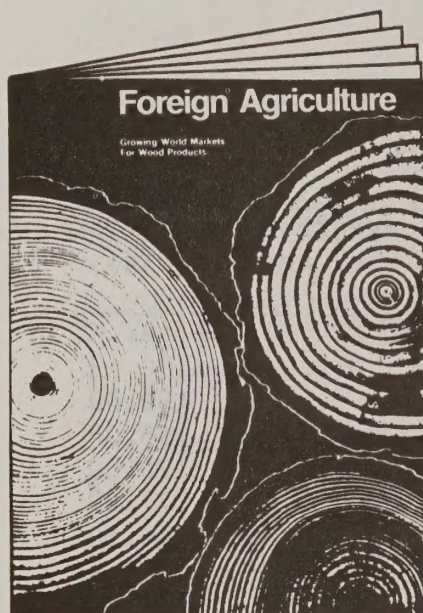
EXPORT ENHANCEMENT PROGRAM
Status as of March 25, 1986
(metric tons)

<u>ANNOUNCED INITIATIVES</u>	<u>QUANTITY</u>	<u>RESULTS/STATUS</u>
1. Algerian Wheat	June 4 1,000,000	Sold 1,000,000 COMPLETE
2. Egyptian Wheat Flour	July 2 600,000	Sold 175,000
3. Egyptian Wheat	July 26 500,000 October 30 500,000	Sold 500,000
4. Yemen Wheat Flour	August 20 50,000	Sold 30,000
5. Yemen Wheat	September 6 100,000	
6. Morocco Wheat	September 30 1,500,000	Sold 760,000
7. Turkey Wheat	October 16 500,000	Sold 506,600 COMPLETE
8. Jordan Rice	November 8 40,000	
9. Philippine Wheat Flour	November 15 100,000	Sold 50,000
10. Zaire Wheat Flour	November 18 64,000	Sold 30,000
11. Egypt Poultry	November 26 8,000	Sold 8,000 COMPLETE
12. Iraq Wheat Flour	December 9 150,000	Sold 37,500
13. Nigeria Barley Malt	December 10 100,000	
14. Zaire Wheat	December 27 40,000	Sold 20,000
15. Philippine Wheat	January 7 150,000	Sold 152,400 COMPLETE
16. Algerian Semolina	February 11 250,000	
17. Algeria Wheat Flour	February 25 100,000	
18. Tunisia Wheat	March 18 300,000	
19. Jordan Wheat	March 19 75,000	
20. Egypt Poultry	March 21 15,000	
<hr/>		
Announced to date	6,850,000	(grain equivalent)
Sold to Date	3,387,100	(grain equivalent)
Bonus	968,700	(\$142.2 million at book value)

Selected International Prices

Item	:	March 25, 1986	:	Change from	:	A year
	:		:	a week ago	:	ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWS-13.5%.	N.Q.	--	--	--		180.00
U.S. No. 2 DNS/NS: 14%....	168.00	4.57	+3.00			165.00
U.S. No. 2 S.R.W.10/	114.00	3.10	-5.00			170.00
U.S. No. 3 H.A.D.....	164.50	4.48	+5.00			177.00
Canadian No. 1 A: Durum...	N.Q.	--	--			184.50
Feed grains:						
U.S. No. 3 Yellow Corn....	113.50	2.88	+1.50			134.50
Soybeans and meal:						
U.S. No. 2 Yellow.....	N.Q.	5.95	--			247.25
Brazil 47/48% SoyaPellets	197.00	--	-7.00			155.00
U.S. 44% Soybean Meal....	191.00	--	-7.00			154.00
U.S. FARM PRICES 3/						
Wheat.....	--	--	--			--
Barley.....	--	--	--			--
Corn.....	--	--	--			--
Sorghum.....	--	2/	--			--
Broilers.....	1070.99	--	-50.71			1036.38
EC IMPORT LEVIES						
Wheat 5/.....	158.30	4.31	+6.00			52.45
Barley.....	147.75	3.22	-1.20			54.30
Corn.....	140.75	3.57	-1.45			48.10
Sorghum.....	146.25	3.71	+1.20			62.60
Broilers 4/ 6/ 8/.....	311	--	-5			152
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)	189.40	5.15	-2.70			140.30
Bread wheat (min. quality)	201.25	5.48	-2.90			149.15
Barley and all						
other feed grains.....	189.40	--	-2.70			140.30
Broilers 4/ 6/.....	1399	--	+23			975
EC EXPORT RESTITUTIONS (subsidies)						
Wheat	N.Q.	--	--			19.45
Barley.....	111.45	2.43	+1.65			31.40
Broilers 4/ 6/ 8/.....	227	--	-3			90

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ June shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis April delivery.



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